

CITY OF WOODHAVEN
WAYNE COUNTY, MICHIGAN
COMPREHENSIVE ANNUAL FINANCIAL REPORT
JUNE 30, 2004

AUDITING PROCEDURES REPORT

Issued under P.A. 2 of 1968, as amended. Filing is mandatory.

Local Government Name (Specify) <input checked="" type="checkbox"/> City <input type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other Woodhaven		County Wayne	
Audit Date 06/30/2004	Opinion Date 10/30/2004	Date Accountant Report Submitted to State: December 3, 2004	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ yes ☒ no 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ yes ☒ no 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☒ yes ☐ no 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ yes ☒ no 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ yes ☒ no 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ yes ☒ no 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ yes ☒ no 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ yes ☒ no 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	X		
Reports on individual federal financial assistance programs (program audits).			X
Single Audit Reports (ASLGU).			X

Certified Public Accountant (Firm Name) Darnell & Meyering, P.C.			
Street Address 20600 Eureka Road, Suite 900		City Taylor	State MI
Accountant's Signature <i>Darnell & Meyering, P.C.</i>		ZIP 48180	

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MEMBERS
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS
MICHIGAN ASSOCIATION OF
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report

To the Mayor and Elected Officials of the Council
City of Woodhaven
Woodhaven, Michigan 48183

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Woodhaven as of and for the year ended June 30, 2004 which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Woodhaven's management. Our responsibility is to express opinions on these financial statements based on our audit.

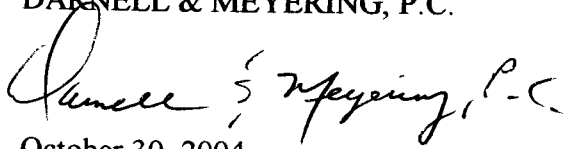
We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Woodhaven, as of June 30, 2004 and the respective changes in financial position and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary comparison information on pages 3 through 11 and 49 through 55, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinions in it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Woodhaven's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statement taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

DARNELL & MEYERING, P.C.

A handwritten signature in cursive script, appearing to read "Darnell & Meyering, P.C.", is written over the printed name.

October 30, 2004

City of Woodhaven
Management's Discussion and Analysis (MD&A)
Year ended June 30, 2004

The management of the City of Woodhaven presents this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2004. The City encourages readers to consider the information presented here in conjunction with the additional information found within the body of the audit.

FINANCIAL HIGHLIGHTS

- The assets of the City of Woodhaven exceeded its liabilities at the close of the most recent fiscal year by \$64,482,547 (net assets). Of this amount \$10,441,916 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net assets increased by \$300,387. This increase was due largely to the reduced expenditures in the General Government activities.
- As of the close of the current fiscal year, the City of Woodhaven's governmental funds reported combined ending fund balances of \$8,248,164 an increase of \$522,954 in comparison of the prior year. Approximately \$4,712,005 is available for spending at the government's discretion.
- At the end of the current fiscal year, unreserved fund balance for the general fund in the amount of \$1,083,116 was applied to the subsequent year budget.
- The city of Woodhaven total debt decreased by \$632,827 (1%).
- State-shared revenue, our second largest revenue source, was reduced by the State of Michigan by approximately \$364,000 this year, which resulted in a percentage decline of 22.48% over the previous year. To offset this reduction in State-shared revenue, the City has left vacant positions unfilled, made cuts to departmental budgets, and put several major projects on hold.
- A concerted effort was focused on holding down other expenditures to balance considerable increases in medical benefits and a three (3) percent salary increase pursuant to the various union contracts.

OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The statement of Net Assets presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The Statement of Activities presents information showing how the City's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise

to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave.)

Both of the government-wide financial statements distinguished functions of the City of Woodhaven that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City of Woodhaven include general government, public safety, public works, health and welfare, community economic development, and recreation and culture. The business-type activities of the City of Woodhaven include Water and Sewer, Recreational Vehicle Storage and Motor Pool.

The government-wide financial statements include not only the City of Woodhaven itself (known as the primary government), but also a legally separate Downtown Development Authority for which the City of Woodhaven is financially accountable. Financial information for this component unit is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 12-14 of this report.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into seven categories. They are:

- A. General Government.
- B. Special Revenue – major and local streets, community activities center, community development block grant, and police forfeitures.
- C. Debt Service – 1991 SRF bonds, 1998 expansion bonds, 2002 general bonds, Honeywell note payable, capitalized lease, and compensated absences.
- D. Capital Projects – capital improvements (general) fund.
- E. Enterprise – water & sewer, recreational vehicle storage.
- F. Internal Service - motor pool.
- G. Trust and Agency – employee retirement funds, tax receiving fund, court fund, payroll fund, bond compliance fund, tree planting fund, engineering fees fund, and interest fund.

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City of Woodhaven maintains seven individual governmental funds. Information is presented separately in the governmental fund balance sheet in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general, major highway, local highway and the capital projects funds, all of which are considered to be major funds. Data from the other three governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The City of Woodhaven adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 15-17 of this report.

Proprietary funds. The City of Woodhaven maintains three proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City of Woodhaven uses enterprise funds to account for its Water and Sewer operations and Recreational Vehicle Storage operations. The City's other proprietary fund, the Motor Pool, is an internal service fund. An internal service fund is an accounting device used to accumulate and allocate costs internally among the City of Woodhaven's various functions. The City of Woodhaven uses an internal service fund to account for its fleet of vehicles.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The Water and Sewer fund is considered to be a major fund of the City of Woodhaven. The internal service fund is presented as a governmental fund within the proprietary fund financial statements. The basic proprietary fund financial statements can be found on pages 18-21 of this report.

Fiduciary Funds. The trust and agency funds are fiduciary funds used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City of Woodhaven's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on pages 22-23 of this report.

Notes to the financial statements. The notes provided additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 24-48 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information, which is the budgetary comparison schedule of the major funds. Required supplementary information can be found on pages 49-56 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information. Combining and individual fund statements can be found on pages 57-66 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net assets may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$64,482,547 as of June 30, 2004 as compared to \$64,182,160 at June 30, 2003.

The largest portion of the City's net assets reflects its investment in capital assets (e.g., land and improvements, buildings and improvements, vehicles, furniture and equipment), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to the public; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The City's financial position is the product of a number of transactions including the net results of its activities, the payment of debt, the acquisition and disposal of capital assets, and the depreciation of capital assets.

Net Assets for the two periods ended June 30, 2003 & 2004:

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2003	2004	2003	2004	2003	2004
Assets						
Current and Other Assets	\$ 9,159,925	\$ 9,483,289	\$ 6,384,502	\$ 6,473,332	\$ 15,544,427	\$ 15,956,621
Noncurrent Assets	51,666,123	51,316,740	7,679,635	7,446,863	59,345,758	58,763,603
Total Assets	<u>\$ 60,826,048</u>	<u>\$ 60,800,029</u>	<u>\$ 14,064,137</u>	<u>\$ 13,920,195</u>	<u>\$ 74,890,185</u>	<u>\$ 74,720,224</u>
Liabilities And Net Assets						
Current Liabilities	2,189,753	2,009,541	529,168	882,448	2,718,921	2,891,989
Noncurrent Liabilities	7,658,557	7,125,441	330,547	220,248	7,989,104	7,345,689
Total Liabilities	9,848,310	9,134,982	859,715	1,102,696	10,708,025	10,237,678
Net Assets:						
Invested in Capital Assets						
Net of Related Debt	43,436,751	43,522,662	7,292,188	7,184,336	50,728,939	50,706,998
Invested in Joint Venture						
Net of Related Debt	398,196	488,041			398,196	488,041
Restricted	1,108,466	1,871,384	966,772	974,208	2,075,238	2,845,592
Unrestricted	6,034,325	5,782,960	4,945,462	4,658,956	10,979,787	10,441,916
Total Net Assets	<u>\$ 50,977,738</u>	<u>\$ 51,665,047</u>	<u>\$ 13,204,422</u>	<u>\$ 12,817,500</u>	<u>\$ 64,182,160</u>	<u>\$ 64,482,547</u>

Total Net Assets for the FYE 6/30/04 were \$64,482,547, representing an increase of \$300,387. This was a result of many factors including decreases in expenditures which were greater than the decreases in State shared revenue and rising employee benefit costs.

The following table presents a summary of revenue and expense for the fiscal years ended June 30, 2003 & 2004.

Changes in Net Assets for the two periods ended June 30, 2003 & 2004:

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2003	2004	2003	2004	2003	2004
Revenues						
Charges for Services	\$ 1,095,905	\$ 1,523,727	\$2,965,798	\$2,794,463	\$ 4,061,703	\$ 4,318,190
Operating Grants & Contributions	180,880	381,361			180,880	381,361
Capital Grants & Contributions			657,890		657,890	-
Property taxes	8,012,063	8,516,806			8,012,063	8,516,806
State-Shared Revenues	2,215,043	1,967,520			2,215,043	1,967,520
Unrestricted Investment Earnings	251,063	131,493	87,145	56,606	338,208	188,099
Franchise Fees	123,431	141,947			123,431	141,947
Miscellaneous	402,774	208,113	3,262	23,388	406,036	231,501
Total Revenues	12,281,159	12,870,967	3,714,095	2,874,457	15,995,254	15,745,424
Program Expenses						
Including Indirect Expenses						
General Government	5,270,397	3,178,952			5,270,397	3,178,952
Public Safety	5,944,220	5,875,669			5,944,220	5,875,669
Public Works	2,232,792	2,214,184			2,232,792	2,214,184
Health and Welfare	135,691	152,140			135,691	152,140
Community and Economic Devl.	40,501	44,683			40,501	44,683
Recreation and Culture	595,507	541,312			595,507	541,312
Unallocated Interest Expense	267,496	266,573			267,496	266,573
Water and Sewer			2,323,904	2,434,217	2,323,904	2,434,217
Recreational Vehicle Storage			9,405	8,203	9,405	8,203
Motor Pool			785,849	827,163	785,849	827,163
Total Expenses	14,486,604	12,273,513	3,119,158	3,269,583	17,605,762	15,543,096
Change in Net Assets Before Special Item	(2,205,445)	597,454	594,937	(395,126)	(1,610,508)	202,328
Special Item						
Change in Joint Venture Investment	(4,739)	89,855			(4,739)	89,855
Gain on Sale of Assets			5,820	8,204	5,820	8,204
Change in Net Assets After Special Item	<u>\$(2,210,184)</u>	<u>\$ 687,309</u>	<u>\$ 600,757</u>	<u>\$ (386,922)</u>	<u>\$ (1,609,427)</u>	<u>\$ 300,387</u>

Comments on Budget Comparison

- General fund budget expenditures compared to actual varied slightly from line item to line item with the ending actual balance being \$708,465 less than budget or approximately 9.4%.

General Fund Revenue

The majority of revenue was derived from tax collections and state shared revenues. Some miscellaneous revenue is received from interest income, recreation fees, district court revenue, licenses and fees, rents and royalties.

Business-Type Activities. Business-type activities and governmental activities had a decrease in net assets of \$386,922. Key elements of this decrease are as follows.

- Revenues decreased approximately 8% to \$2,817,792 and expenses increased approximately 4.8% to \$3,269,585.
- Decrease in usage of customers of the City's water and sewer department and permits and fees.

Financial Analysis of the Government's Funds

As noted earlier, the City of Woodhaven uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the City of Woodhaven's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City of Woodhaven's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City of Woodhaven's governmental funds reported combined ending fund balances of \$8,248,164 an increase of \$522,954 in comparison with the prior year. \$4,712,005 constitutes unreserved fund balance, which is available for spending at the government's discretion. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed 1) the subsequent year budget, 2) prepaid expenditures, 3) other various restrictions and designations.

The general fund is the chief operating fund of the City of Woodhaven. At the end of the current fiscal year, unreserved fund balance of the general fund was \$1,927,520, while total fund balance reached \$5,463,679. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures.

Proprietary funds. The City of Woodhaven's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets of the Water and Sewer fund at the end of the year amounted to \$3,962,581. Other factors concerning the finances of this fund has already been addressed in the discussion of the City of Woodhaven's business-type activities.

Budget Allocation

The General Fund pays for most of the City's governmental services. The most significant are police and fire, which incurred expenses of approximately \$5.9 million in 2004, not including health insurance and retirement contributions. Other government services accounted for in the General Fund includes general government (City Clerk, Administration, Treasurer) Department of Public Service and Recreation. General Fund expenditures increased by approximately \$341,000 due to increases in health care costs and retirement contributions.

62.6% of the City's General Fund is devoted to the wages and benefits, while 29.7% of the General Fund is allocated to the current operating expenditures. The remainder of the budget, approximately 7.7%, was expended for debt service and capital outlay.

Budgetary Implications

The budget is impacted by a number of factors that are outside the City's control. The City in recent years has experienced a decline in the State Shared Revenues received by the State of Michigan. Those State Shared revenues have a significant impact on the ability of the City to provide much needed services to its citizens. Additionally, the City has experienced an increase in the health care premiums for its employee's as well as its eligible retiree's.

Due to Proposal A limitations and the Headlee Amendment, the growth of tax revenues other than property transfers is limited to the consumer Price Index (CPI) for the corresponding year. Lastly, the City has experienced a 3% increase in employee wages due to present Union Contracts that are presently in place.

Capital Asset and Debt Administration

Capital assets. The City of Woodhaven's investment in capital assets for its governmental and business type activities as of June 30, 2004 amounts to \$58,275,562 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system, improvements, machinery and equipment, furniture and fixtures, park facilities, roads, highways, and bridges. The total decrease in the City of Woodhaven's investment in capital assets for the current fiscal year was 1 percent, which resulted primarily from the current year depreciation expense.

Major capital asset events during the current fiscal year included the following:

- Construction was completed on the new police station at a cost of \$2,784,006 (includes 2003 year end expenditures).
- Installations of water meters amounting to \$140,586 were installed in the city to improve the efficiency of the water distribution system.

The following information represents data about capital assets. More detailed information about capital assets can be found in Note 4 to the financial statements. Total depreciation expense for the year was \$955,797 for governmental activities and \$526,739 for business activities.

City of Woodhaven's Capital Assets (Net of Depreciation)

	Governmental Activities	Business-Type Activities	Total
Land	\$ 31,615,955	\$ 11,500	\$ 31,627,455
Buildings	9,058,873	422,971	9,481,844
Site improvements	206,743	52,054	258,797
Vehicles & equipment	645,993	672,526	1,318,519
Furniture & fixtures	61,954	22,427	84,381
Infratructure	9,239,181	6,265,385	15,504,566
Totals	<u>\$ 50,828,699</u>	<u>\$ 7,446,863</u>	<u>58,275,562</u>

The following table presents information regarding the outstanding debt:

	Governmental Activities	Business-Type Activities	Total
General Obligation Bonds	\$ 6,042,556	\$ -	\$ 6,042,556
Notes Payable	1,263,480	262,528	1,526,008
Compensated Absences	541,092	48,966	590,058
Totals	<u>\$ 7,847,128</u>	<u>\$ 311,494</u>	<u>\$ 8,158,622</u>

Economic Factors and Next Year's Budget

General Fund budget expenditures are expected to increase 5.17% to \$12,740,319. The incremental increases in wages, benefits, and debt repayment will have the most significant impact on the 2004 - 2005 budget as well as future operating budgets.

The City is obligated with six other local communities for the construction of an equalization basin as part of the South Huron Valley Utility Authority to control excess sewage flow during peak water events. The City's obligation to this project is \$2,912,387 to be paid over 20 years. Additionally, the City has agreed to a joint venture with the City of Trenton to construct and operate an animal shelter beginning in 2004 - 2005. The cost of debt and operation will be shared equally by each community. The cost to construct the shelter will be approximately \$412,000.

The City is anticipating further reductions to State shared revenue, due to the State of Michigan attempting to reduce their budget deficits. If further reductions take place, the City is prepared to make necessary adjustments in its general fund budget to offset the reduction.

The City is not increasing its millage rate currently at 17.07. The City did increase water and sewer rates to \$3.87 per thousand gallons.

Contacting the City's Management

This financial report is intended to provide citizens, taxpayers, customers and investors with a general overview of the City's finances and to show the City's accountability for the money it receives. For additional questions about this report or additional information, requests should be directed to the City Administrator (734) 675-4903 or mail to 21869 West Road, Woodhaven, MI 48183.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

City of Woodhaven
Statement of Net Assets
June 30, 2004

	Primary Government			Component
	Governmental Activities	Business-type Activities	Total	Unit Downtown Dev. Authority
Assets				
Current Assets:				
Cash	\$ 1,495,531	\$ 334,912	\$ 1,830,443	\$ 1,388,761
Cash Equivalents	5,051,379	4,762,496	9,813,875	-
Receivables				
Taxes Receivable	356,573	-	356,573	-
Accounts Receivable	99,977	283,766	383,743	-
Accrued Interest	12,255	3,454	15,709	-
Due From Other Governments	522,822	-	522,822	-
Due From Agency Funds	24,254	-	24,254	-
Inventory	-	81,813	81,813	-
Prepaid Expenditures	49,114	32,683	81,797	-
Total Current Assets	7,611,905	5,499,124	13,111,029	1,388,761
Restricted Assets:				
Cash and Cash Equivalents	1,871,384	974,208	2,845,592	-
Total Restricted Assets	1,871,384	974,208	2,845,592	-
Noncurrent Assets				
Capital Assets	82,320,282	15,354,991	97,675,273	-
Less Accumulated Depreciation	(31,491,583)	(7,908,128)	(39,399,711)	-
Investment in Joint Venture	488,041	-	488,041	-
Total Noncurrent Assets	51,316,740	7,446,863	58,763,603	-
Total Assets	60,800,029	13,920,195	74,720,224	1,388,761
Liabilities				
Current Liabilities				
Accounts Payable	91,571	125,020	216,591	-
Accrued Salaries Payable	72,295	5,984	78,279	-
Due to Retirement Fund	1,020,785	100,306	1,121,091	-
Accrued Interest Payable	52,728	-	52,728	-
Internal Balances, Governmental & Business-type	50,474	(50,474)	-	-
Deposits Payable	-	560,367	560,367	-
Current Portion of Compensated Absences	180,364	33,563	213,927	-
Current Portion of Notes Payable	197,845	107,682	305,527	-
Current Portion of Bonds Payable	343,479	-	343,479	-
Total Current Liabilities	2,009,541	882,448	2,891,989	-
Noncurrent Liabilities				
Compensated Absences	360,728	65,403	426,131	-
Notes Payable	1,065,636	154,845	1,220,481	-
Bonds Payable	5,699,077	-	5,699,077	-
Total Noncurrent Liabilities	7,125,441	220,248	7,345,689	-
Total Liabilities	9,134,982	1,102,696	10,237,678	-

The accompanying notes are an integral part of the financial statements.

City of Woodhaven
Statement of Net Assets
June 30, 2004

	Primary Government			Component
	Governmental Activities	Business-type Activities	Total	Unit Downtown Dev. Authority
Net Assets:				
Invested in Capital Assets Net of Related Debt	43,522,662	7,184,336	50,706,998	-
Invested in Joint Venture Net of Related Debt	488,041		488,041	
Restricted for:				
Debt Service	318,604	356,263	674,867	-
Capital Projects	766,979	617,945	1,384,924	-
Other	785,801		785,801	-
Unrestricted	5,782,960	4,658,956	10,441,916	1,388,761
Total Net Assets	\$ 51,665,047	\$ 12,817,500	\$ 64,482,547	\$ 1,388,761

The accompanying notes are an integral part of the financial statements.

City of Woodhaven
Statement of Activities
Year Ended June 30, 2004

Functions/programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			Component
	Expenses	Charges for Services	Operating Grants & Contributions	Primary Government			Unit
				Governmental Activities	Business-Type Activities	Total	Downtown Dev. Authority
Governmental activities:							
General Government	\$ 3,178,952	\$ 1,026,904	-	(\$ 2,152,048)	-	(\$ 2,152,048)	-
Public Safety	5,875,669	281,243	\$ 249,473	(5,344,953)	-	(5,344,953)	-
Public Works	2,214,184	-	-	(2,214,184)	-	(2,214,184)	-
Health and Welfare	152,140	-	-	(152,140)	-	(152,140)	-
Community and Economic Devl.	44,683	-	-	(44,683)	-	(44,683)	-
Recreation and Culture	541,312	215,580	131,888	(193,844)	-	(193,844)	-
Unallocated Interest Expense	266,573	-	-	(266,573)	-	(266,573)	-
Total Governmental Activities	12,273,513	1,523,727	381,361	(10,368,425)	-	(10,368,425)	-
Business-type activities:							
Water and Sewer	2,434,217	2,280,034	-	-	(154,183)	(154,183)	-
Recreational Vehicle Storage	8,203	17,099	-	-	8,896	8,896	-
Motor Pool	827,163	497,330	-	-	(329,833)	(329,833)	-
Total Business-type activities	3,269,583	2,794,463	-	-	(475,120)	(475,120)	-
Total primary government	\$ 15,543,096	\$ 4,318,190	\$ 381,361	(\$ 10,368,425)	(\$ 475,120)	(\$ 10,843,545)	-
Component unit:							
Downtown Development Auth.	\$ 31,269	-	-	-	-	-	(31,269)
	\$ 31,269	-	-	-	-	-	(31,269)
General Revenues:							
Property taxes				8,516,806	-	8,516,806	551,267
State-Shared Revenues				1,967,520	-	1,967,520	-
Unrestricted Investment Earnings				131,493	\$ 56,606	188,099	9,188
Franchise Fees				141,947	-	141,947	-
Miscellaneous				208,113	23,388	231,501	4,798
Special Item - Change in Joint Venture Investment				89,855	-	89,855	-
Special Item - Gain on Sale of Assets				-	8,204	8,204	-
Total General Revenues				11,055,734	88,198	11,143,932	565,253
Change in Net Assets				687,309	(386,922)	300,387	533,984
Net Assets, Beginning of Year				50,977,738	13,204,422	64,182,160	854,777
Net Assets, End of Year				\$ 51,665,047	\$ 12,817,500	\$ 64,482,547	\$ 1,388,761

The accompanying notes are an integral part of the financial statements.

FUND FINANCIAL STATEMENTS

City of Woodhaven
Balance Sheet
Governmental Funds
June 30, 2004

	General Fund	Major Highway Fund	Local Highway Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Assets:						
Cash	\$ 1,111,039	\$ 155,063	\$ 113,017	-	\$ 116,412	\$ 1,495,531
Cash Equivalents	2,735,120	991,226	840,409	\$ 103,819	380,805	5,051,379
Receivables:						
Taxes Receivable	356,573	-	-	-	-	356,573
Accounts Receivable	99,977	-	-	-	-	99,977
Accrued Interest	12,099	156	-	-	-	12,255
Due From Other Funds	52,881	210,000	-	-	-	262,881
Due From Other Governments	409,654	71,500	35,389	-	6,279	522,822
Prepaid Expenses	49,115	-	-	-	-	49,115
Restricted Assets						
Cash & Cash Equivalents	1,871,384	-	-	-	-	1,871,384
Total Assets	<u>\$ 6,697,842</u>	<u>\$ 1,427,945</u>	<u>\$ 988,815</u>	<u>\$ 103,819</u>	<u>\$ 503,496</u>	<u>\$ 9,721,917</u>

Liabilities and Fund Balances

Liabilities:						
Accounts Payable	90,608	668	100	-	195	91,571
Accrued Payroll	72,295	-	-	-	-	72,295
Due To Other Funds	1,071,260	2,079	230,269	-	6,279	1,309,887
Total Liabilities	<u>1,234,163</u>	<u>2,747</u>	<u>230,369</u>	<u>-</u>	<u>6,474</u>	<u>1,473,753</u>

Fund Balances:

Reserve For:						
Prepaid Expenditures	49,115	-	-	-	-	49,115
Restricted Reserves	1,871,384	-	-	-	-	1,871,384
Designated - General Obligation Debt	532,544	-	-	-	-	532,544
Designated - Subsequent Years	1,083,116	-	-	-	-	1,083,116
Undesignated	1,927,520	1,425,198	758,446	103,819	497,022	4,712,005
Total Fund Balances	<u>5,463,679</u>	<u>1,425,198</u>	<u>758,446</u>	<u>103,819</u>	<u>497,022</u>	<u>8,248,164</u>

Total Liabilities and Fund Balances	<u>\$ 6,697,842</u>	<u>\$ 1,427,945</u>	<u>\$ 988,815</u>	<u>\$ 103,819</u>	<u>\$ 503,496</u>	<u>\$ 9,721,917</u>
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Total Governmental Fund Balances 8,248,164

Amounts reported for governmental activities in the statement of net assets are different because:

 Capital assets used in governmental activities are financial resources and are not reported in the funds

 The cost of capital assets is

82,320,282

 Accumulated depreciation is

(31,491,583)

50,828,699

 Investment in Joint Venture

488,042

 Long term liabilities are not due and payable in the current period and are not reported in the funds

 Compensated absences and severance benefits

(541,092)

 Long term obligations

(7,306,038)

 Accrued interest payable is not included as a liability in governmental funds

(52,728)

 Net assets of governmental activities

\$ 51,665,047

The accompanying notes are an integral part of the financial statements.

City of Woodhaven
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
June 30, 2004

	General Fund	Major Highway Fund	Local Highway Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Revenues:						
Taxes	\$ 8,516,806	-	-	-	-	\$ 8,516,806
Interest Income	101,921	\$ 12,885	\$ 7,867	\$ 5,765	\$ 3,055	131,493
Rental Income	-	-	-	-	13,540	13,540
Federal Grants	-	-	-	-	131,888	131,888
State Sources	1,289,884	453,317	224,319	-	-	1,967,520
Program Fees	-	-	-	-	199,564	199,564
Licenses	479,494	-	-	-	-	479,494
Franchise Fees	141,947	-	-	-	-	141,947
Other Revenues	1,288,715	-	-	-	-	1,288,715
Total Revenues	11,818,767	466,202	232,186	5,765	348,047	12,870,967
Expenditures:						
Current:						
Wages and Benefits	7,142,512	5,586	192,848	-	-	7,340,946
Operating Expenses	3,389,318	27,329	66,168	42,753	173,698	3,699,266
Capital Outlay	82,152	-	-	405,946	28,471	516,569
Debt Payments:						
Principal	525,140	-	-	-	-	525,140
Interest	266,092	-	-	-	-	266,092
Total Expenditures	11,405,214	32,915	259,016	448,699	202,169	12,348,013
Excess (Deficiency) of Revenues Over Expenditures	413,553	433,287	(26,830)	(442,934)	145,878	522,954
Other Financing Sources (Uses):						
Transfer from Major Highway	-	-	113,329	17,438	-	130,767
Transfer from Local Highway	-	-	-	17,438	-	17,438
Transfer from Capital Projects	419,482	-	-	-	-	419,482
Transfer to General Fund	-	-	-	(419,482)	-	(419,482)
Transfer to Capital Projects	(17,438)	(17,438)	-	-	-	(34,876)
Transfer to Local Highway	(113,329)	-	-	-	-	(113,329)
Total Other Financing Sources (Uses):	419,482	(130,767)	95,891	(384,606)	-	0
Net Change in Fund Balances	833,035	302,520	69,061	(827,540)	145,878	522,954
Fund Balances						
Beginning of Year	4,630,644	1,122,678	689,385	931,359	351,144	7,725,210
End of Year	\$ 5,463,679	\$ 1,425,198	\$ 758,446	\$ 103,819	\$ 497,022	\$ 8,248,164

The accompanying notes are an integral part of the financial statements.

City of Woodhaven
Reconciliation of the Statement of Revenues,
Expenditures and Changes in Fund Balances of Governmental Funds
To the Statement of Activities
Year Ended June 30, 2004

Net change in fund balances total governmental funds	\$ 522,954
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures in the statement of activities. These costs are allocated over their estimated useful lives as depreciation. Losses and gains on disposals of assets are not used in governmental funds.	
Depreciation expense	(955,797)
Capital outlay	516,569
Repayments of principal on long-term debt is an expenditure in the governmental funds, but not in the statement of activities (where it is a reduction of liabilities)	
Accrued interest payable beginning of the year	525,140
Accrued interest payable end of the year	52,247
	(52,728)
Compensated absences are reported on the accrual method in the statement of activities, and recorded as an expenditure when the financial resources are used in the governmental funds:	
Accrued compensated absences beginning of the year	530,161
Accrued compensated absences end of the year	(541,092)
Change in joint venture investment	89,855
Change in net assets of governmental activities	<u>\$ 687,309</u>

The accompanying notes are an integral part of the financial statements.

City of Woodhaven
Statement of Net Assets
Proprietary Funds
June 30, 2004

	Business-type Activities			Governmental
	Enterprise			Activities
	Water & Sewer	Recreational Vehicle Storage	Total	Internal Service
Assets				
Current Assets:				
Cash	\$ 279,753	\$ 9,588	\$ 289,341	\$ 45,571
Cash equivalents	4,130,406	82,101	4,212,507	549,989
Accounts receivable - net of allowances	283,766	-	283,766	-
Accrued interest receivable	3,115	-	3,115	339
Inventory	78,519	-	78,519	3,294
Loan receivable	36,000	-	36,000	-
Allowance for uncollectible loan	(36,000)	-	(36,000)	-
Prepaid expenses	9,452	-	9,452	23,231
Due from other funds	-	-	-	50,474
Total Current Assets	4,785,011	91,689	4,876,700	672,898
Restricted Assets:				
Restricted cash equivalents	974,208	-	974,208	-
Total Restricted Assets	974,208	-	974,208	-
Noncurrent Assets:				
Capital assets	11,971,017	32,905	12,003,923	3,351,069
Less accumulated depreciation	5,258,908	4,178	5,263,086	2,645,042
Total Noncurrent Assets	6,712,109	28,727	6,740,836	706,027
Total Assets	\$ 12,471,327	\$ 120,416	\$ 12,591,743	\$ 1,378,925

The accompanying notes are an integral part of the financial statements.

City of Woodhaven
Statement of Net Assets
Proprietary Funds
June 30, 2004

	Business-type Activities			Governmental
	Enterprise			Activities
	Water	Recreational		
	& Sewer	Vehicle	Total	Internal
		Storage		Service
Liabilities				
Current Liabilities:				
Accounts payable	\$ 122,760	\$ -	\$ 122,760	\$ 2,259
Accrued payroll	4,778	-	4,778	1,206
Due to retirement fund	69,121	-	69,121	31,184
Deposits payable	560,367	-	560,367	-
Note payable-current portion	70,971	-	70,971	36,712
Total Current Liabilities	827,997	-	827,997	71,362
Noncurrent Liabilities				
Note payable	\$ 154,845	-	\$ 154,845	-
Compensated absences payable	65,403	-	65,403	33,563
Total Noncurrent Liabilities	220,248	-	220,248	33,563
Total Liabilities	1,048,245	-	1,048,245	104,925
Net Assets				
Invested in capital assets, net of related debt	6,486,294	28,727	6,515,021	669,315
Restricted for debt, depreciation, and super sewer	974,208	-	974,208	-
Unrestricted	3,962,581	91,689	4,054,270	604,685
Total Net Assets	\$ 11,423,083	\$ 120,416	\$ 11,543,499	\$ 1,274,000

The accompanying notes are an integral part of the financial statements.

City of Woodhaven
Statement of Revenues, Expenses
And Changes in Net Assets
Proprietary Funds
June 30, 2004

	Business-type Activities			Governmental
	Enterprise			Activities
	Water & Sewer	Recreational Vehicle Storage	Total	Internal Service
Operating Revenues:				
Charges for services	\$ 2,280,034	\$ 17,099	\$ 2,297,133	\$ 497,330
Miscellaneous	16,143	-	16,143	7,246
Total Operating Revenues	2,296,177	17,099	2,313,276	504,576
Operating Expenses:				
Wages and benefits	\$ 662,437	\$ 6,844	\$ 669,281	\$ 253,585
Operations and maintenance	1,490,159	262	1,490,421	316,046
Depreciation	271,127	1,097	272,224	254,515
Interest	10,496	-	10,496	3,017
Total Operating Expenses	2,434,219	8,203	2,442,422	827,163
Net Operating Income (Loss)	(138,042)	8,896	(129,146)	(322,587)
Nonoperating Revenue:				
Gain on disposal of equipment	-	-	-	8,204
Interest on investments	49,420	836	50,256	6,350
Total Nonoperating Revenue	49,420	836	50,256	14,554
Change in Net Assets	(88,622)	9,732	(78,890)	(308,033)
Total Net Assets, beginning of year	11,511,705	110,684	11,622,389	1,582,033
Total Net Assets, end of year	\$ 11,423,083	\$ 120,416	\$ 11,543,499	\$ 1,274,000

The accompanying notes are an integral part of the financial statements.

City of Woodhaven
Proprietary Fund Type Statements of Cash Flows
For the Year Ended June 30, 2004

	Business-type Activities			Governmental Activities
	Enterprise			
	Water & Sewer	Recreational Vehicle Storage	Total	Internal Service
Cash flows from operating activities:				
Cash received from customers	\$ 2,595,444	\$ 17,099	\$ 2,612,543	-
Cash paid to suppliers	(1,412,903)	(262)	(1,413,165)	(\$ 323,405)
Cash paid to employees	(660,139)	(6,844)	(666,983)	(241,717)
Cash received from interfund services provided	-	-	-	643,576
Cash paid for internal services used	(91,298)	(7,638)	(98,936)	-
Other expenses	(1,817)	-	(1,817)	(1,999)
Net cash provided by operating activities	429,287	2,355	431,642	76,455
Cash flows from capital and related financing activities:				
Proceeds from sale of assets	-	-	-	11,204
Purchases of capital assets	(216,145)	-	(216,145)	(80,823)
Principal paid on capital debt	(77,422)	-	(77,422)	(47,497)
Interest paid on capital debt	(10,496)	-	(10,496)	(3,017)
Net cash (used) for capital and related financing activities	(304,063)	-	(304,063)	(120,133)
Cash flows from investing activities				
Purchase of investments	(541,127)	(23,374)	-	(21,654)
Interest and dividends	46,306	836	47,142	6,011
Net cash provided (used) by investing activities	(494,821)	(22,538)	47,142	(15,643)
Net increase (decrease) in cash and cash equivalents	(369,597)	(20,183)	(389,780)	(59,321)
Cash at beginning of year	649,350	29,771	679,121	104,892
Cash at end of year	\$ 279,753	\$ 9,588	\$ 289,341	\$ 45,571
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	(138,042)	8,896	(129,146)	(322,587)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation expense	271,127	1,097	272,224	254,515
Interest paid on capital debt	10,496	-	10,496	3,017
Accrued sick pay	(1,059)	-	(1,059)	7,660
Changes in assets and liabilities:				
Investments	-	-	-	-
Accounts receivable	71,099	-	71,099	-
Accrued interest receivable	-	-	-	-
Inventory	(17,661)	-	(17,661)	-
Due from other funds	28,675	-	28,675	139,000
Prepaid expenses	(5,145)	-	(5,145)	3,385
Accounts and other payables	(8,405)	-	(8,405)	(9,357)
Accrued payroll / taxes	3,357	-	3,357	822
Deposits payable	228,168	-	228,168	-
Due to other funds	(13,323)	-	(13,323)	-
Other accrued liabilities	-	(7,638)	(7,638)	-
Net cash provided by operating activities	\$ 429,287	\$ 2,355	\$ 431,642	\$ 76,455

The accompanying notes are an integral part of the financial statements.

City of Woodhaven
Statement of Net Assets
Fiduciary Funds
June 30, 2004

	Pension Trust Funds	Agency Funds
	<u> </u>	<u> </u>
Assets:		
Cash & Cash Equivalents	\$ 15,063,291	\$ 1,546,359
Accrued Interest & Dividends	92,229	1,250
Due From Other Funds	1,175,116	
Total Assets	<u>\$ 16,330,636</u>	<u>\$ 1,547,609</u>
Liabilities and Net Assets		
Liabilities:		
Due to General Fund	-	\$ 24,254
Due to Retirement Fund	-	54,025
Deferred Revenue	-	42,019
Taxes Payable	-	1
Bond Compliance Deposits	-	875,512
Obligations to Employees		
Retirees Benefits	-	551,798
Total Liabilities	<u>-</u>	<u>\$ 1,547,609</u>
Net Assets:		
Net Assets Held in Trust	<u>\$ 16,330,636</u>	
Total Net Assets	<u>\$ 16,330,636</u>	

The accompanying notes are an integral part of the financial statements.

City of Woodhaven
Statement of Changes in Net Assets
Fiduciary Funds
Year Ended June 30, 2004

	Pension Trust Funds
	<u> </u>
ADDITIONS:	
Contributions	
Employer	\$ 983,639
Plan member	246,699
Total contributions	<u>1,230,338</u>
Investment Income	
Net appreciation (depreciation) in fair value of investments	17,339
Interest and dividends	460,463
Gain (loss) on sale of investments	855,265
Total investment income	<u>1,333,067</u>
Accrued contributions	77,236
Less investment expense	<u>47,494</u>
TOTAL ADDITIONS	<u>2,593,147</u>
 DEDUCTIONS:	
Benefits	<u>1,006,789</u>
TOTAL DEDUCTIONS	<u>1,006,789</u>
 CHANGE IN NET ASSETS	 1,586,358
 NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	
Beginning of Year	14,744,278
End of Year	<u><u>\$ 16,330,636</u></u>

CITY OF WOODHAVEN
Notes to the Financial Statements
June 30, 2004

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City of Woodhaven, Michigan is a municipal corporation governed by an elected mayor and six-member council. The accompanying financial statements present the government and its component unit, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are in substance, part of the government's operations. The discretely presented component unit is reported in a separate column in the government-wide financial statements (see note below for description) to emphasize that it is legally separate from the government.

Discretely Presented Component Unit

The component unit column in the combined financial statements includes the financial data of the City's component unit.

Fund

Year End

City of Woodhaven Downtown Development Authority

June 30, 2004

All of the financial information was derived from audited annual financial statements. The Downtown Development Authority adopts the modified accrual basis of accounting.

Act 197 of Public Acts of 1975 of the State of Michigan, commonly referred to as the Downtown Development Authority Act, was created in part to correct and prevent deterioration of business districts; to promote economic growth and revitalization; to encourage historic preservation; to authorize the acquisition and disposal of interests in real and personal property; to authorize the creation of the authority; to authorize the levy and collection of taxes, the issuance of bonds and the use of tax increment financing in the accomplishment of specific downtown development activities contained in locally-adopted development plans.

The Act seeks to attack problems of urban decline, strengthen existing areas and encourage new private developments in the downtown districts of Michigan communities. It seeks to accomplish this goal by providing communities with the necessary legal, monetary and organizational tools to revitalize downtown districts either through public-initiated projects or in concert with privately motivated development projects. The manner in which downtown development authorities chose to make use of these tools does, of course, depend on the problems and opportunities facing each particular downtown district and the development priorities sought by the community in the revitalization of its business area.

CITY OF WOODHAVEN
Notes to the Financial Statements
June 30, 2004
(continued)

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government and its component unit. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to significant extent on fees and charges for support. Likewise, the primary government is reported separately from the legally separate component unit for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

CITY OF WOODHAVEN
Notes to the Financial Statements
June 30, 2004
(continued)

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The City of Woodhaven reports the following major governmental funds:

The *General Fund* is the City's primary operating fund. It accounts for all financial resources of the City, except those required to be accounted for in another fund.

The *Major Highway Fund* is a special revenue fund used to account for funds used for major highway projects.

The *Local Highway Fund* is a special revenue fund used to account for funds used for local highway projects.

The *Capital Improvement Fund* is used to account for the acquisition and construction of major capital facilities other than those financed by business-type funds and trust funds.

The City has the following major business-type fund:

Water and Sewer is used to account for operations (a) that are financed and operated in a manner similar to private business enterprise – where the intent of the governing body is that the costs expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

The City also has an Internal Service Fund. The Internal Service Fund is used to account for motor vehicle services provided to all City departments by the Motor Pool.

Additionally, the City of Woodhaven reports the following fund types:

Fiduciary Funds account for assets held by the government in a trustee capacity or as an agent on behalf of others.

CITY OF WOODHAVEN
Notes to the Financial Statements
June 30, 2004
(continued)

Agency Funds are custodial in nature and do not present results of operations or have a measurement focus. Agency funds are accounted for using the modified accrual basis of accounting. This fund is used to account for assets that the government holds for others in an agency capacity.

The Pension Trust Funds (Defined Benefit and Defined Contribution) accounts for the activities of the municipal employees retirement system, which accumulates resources for pension, benefit payments.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the opinion of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government's internal service function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) changes to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the water and sewer fund, and of the government's internal service funds are changes to customers for sales and services. The water and sewer fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting the definition are reported as non-operating revenues and expenses.

CITY OF WOODHAVEN
Notes to the Financial Statements
June 30, 2004
(continued)

E. Assets, Liabilities, and Net Assets or Equity

1. Deposits and Investments

Act 217, P.A. 1982, authorizes the City to deposit and invest in:

1. Bonds and other direct obligations of the United States or its agencies;
2. Certificates of deposit, savings accounts, deposit accounts, or depository receipts of federally insured banks, insured savings and loan associations, or credit unions insured by the national credit union administration that are eligible to be depository of surplus money belonging to the State under Section 5 or 6 of Act 105, P.A. 1855, as amended (MCL 21.145 and 21.146);
3. Commercial paper rated at time of purchase within the three highest classifications established by not less than two standard rating services. Maturity cannot be more than 270 days after purchase and not more than 50 percent of any fund may be invested in commercial paper at any time;
4. United States government or Federal agency obligation repurchase agreements;
5. Banker's acceptance of United States banks;
6. Mutual funds composed of investments, which are legal for direct investments by local units of government in Michigan.

At year-end, the City's carrying amount of deposits restricted and unrestricted were \$17,425,030. The carrying amount consisted of \$8,418,294 in governmental activities, \$6,071,616 in business-type activities, \$1,388,761 in the component unit, and \$1,546,359 in agency funds. The total bank balances were \$18,112,597, of which \$17,712,597 was uninsured and uncollateralized. The City places its deposits with high quality financial institutions. Although such deposits exceed federally insured limits, they are in the opinion of the City, subject to minimal risk.

100% of the City's investments are contained in entities that are within the State of Michigan or considered to be located in the State of Michigan.

The risk categories referred to below are as follows:

1. Insured or registered, or securities held by the City or the City's agent in the City's name.
2. Uninsured and unregistered, with securities held by the Dealer's Trust Department or its agent in the City's name.
3. Uninsured and unregistered, with securities held by the Dealer, or in the Dealer's Trust Department or agent but not in the City's name.

CITY OF WOODHAVEN
Notes to the Financial Statements
June 30, 2004
(continued)

2. Receivables and Payables

In general, outstanding balances between funds are reported as "due to/from other funds." Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "interfund receivables/payables" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds). Any residual balances between the governmental activities are reported in the government-wide financial statements as "internal balances."

3. Fund Equity Balances – Restricted Assets

The fund equity balances have been classified to reflect the limitations and restrictions placed on the respective Funds as follows:

Unreserved:

Undesignated - Represents the remainder of the City's equity and uncommitted as of June 30, 2004.

4. Capital Assets

Capital assets include property, plant, and equipment. These are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the City as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Depreciation on all assets is provided using the straight-line method over the following useful lives:

Buildings	40 years
Site Improvement	20-40 years
Vehicles	5 years
Other Equipment	5-20 years
Furniture & Fixtures	5-15 years
Infrastructure	40 years

CITY OF WOODHAVEN
Notes to the Financial Statements
June 30, 2004
(continued)

5. Compensated Absences (Vacation and Sick Leave)

It is the government's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All vacation pay is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Accounting for Compensated Absences, no liability is recorded for non-vesting accumulating rights to receive sick pay benefits.

It is the City's policy to permit employees to accumulate a limited amount of earned but unused sick leave, which will be paid to employees upon separation from City service. In governmental and fiduciary funds, the cost of the sick leave is recognized when payments are made and expected within a year. Liability of \$640,058 of accrued sick and vacation leave at June 30, 2004, has been recorded in the government-wide financial statements, representing the "City" commitment to such costs from future operations. Proprietary Funds accrue sick leave in the period it is earned.

6. Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net assets.

7. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for the amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

The budget is prepared by fund, function and activity, and includes information on the past year, current year estimates and requested appropriations for the next fiscal year.

CITY OF WOODHAVEN
Notes to the Financial Statements
June 30, 2004
(continued)

Before June 30, the proposed budget is presented to the government's council for review. The government's council holds public hearings and may add to, subtract from or change appropriations, but may not change the form of the budget. The government's manager or the revenue estimates must be changed by an affirmative vote of a majority of the government's council must within the revenues and reserves estimate any changes in the budget as available. The budget, as presented, has been amended. Supplemental appropriations were made during the year with the last one approved prior to June 30.

Expenditures may not legally exceed budgeted appropriations at the activity level. During the fiscal year ended June 30, 2004, expenses exceeded appropriations in five activities in the General Fund.

NOTE 3. RECEIVABLES

Receivables at June 30, 2004 consist of the following:

	<u>General</u>	<u>Major Highway</u>	<u>Local Highway</u>	<u>Block Grant</u>	<u>Internal Service & Enterprise</u>	<u>Pension Trust</u>	<u>Agency</u>	<u>Total</u>
Receivables:								
Interest	\$ 12,099	\$ 156	\$ -	\$ -	\$ 3,454	\$ 92,229	\$ 1,250	\$ 109,188
Taxes	356,573	-	-	-	-	-	-	356,573
Accounts	99,977	-	-	-	283,766	-	-	383,743
Intergovernmental	<u>409,654</u>	<u>71,500</u>	<u>35,389</u>	<u>6,279</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>522,822</u>
 Total Receivables	 <u>\$ 878,303</u>	 <u>\$ 71,656</u>	 <u>\$ 35,389</u>	 <u>\$ 6,279</u>	 <u>\$ 287,220</u>	 <u>\$ 92,229</u>	 <u>\$ 1,250</u>	 <u>\$ 1,372,326</u>

CITY OF WOODHAVEN
Notes to the Financial Statements
June 30, 2004
(continued)

NOTE 4. CAPITAL ASSETS

Capital asset activity for the City for the current year was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 31,615,955	\$ -	\$ -	\$ 31,615,955
Subtotal	31,615,955	-	-	31,615,955
Capital assets being depreciated:				
Buildings	12,019,702	\$ 379,711	\$ -	12,399,413
Site improvements	320,346	18,032	-	338,378
Vehicles & equipment	2,943,141	118,826	-	3,061,967
Furniture & fixtures	239,155	-	-	239,155
Infrastructure	34,665,414	-	-	34,665,414
Subtotal	50,187,758	516,569	-	50,704,327
Less Accumulated depreciation for:				
Buildings	(2,965,670)	(374,870)	-	(3,340,540)
Site improvements	(121,406)	(10,229)	-	(131,635)
Vehicles & equipment	(2,261,738)	(154,236)	-	(2,415,974)
Furniture & fixtures	(162,443)	(14,758)	-	(177,201)
Infrastructure	(25,024,529)	(401,704)	-	(25,426,233)
Subtotal	(30,535,786)	(955,797)	-	(31,491,583)
Net capital assets being depreciated	19,651,972	(439,228)	-	19,212,744
Capital assets-net of depreciation	\$ 51,267,927	\$ (439,228)	\$ -	\$ 50,828,699

CITY OF WOODHAVEN
Notes to the Financial Statements
June 30, 2004
(continued)

Depreciation was charged to functions as follows:

Governmental activities:

Board of Elections	\$ 9,129
Clerk's Office	61
Community Activities Building	23,962
Community Relations	115
Department of Public Work	36,330
General Government	94,988
Parks & Recreation	43,614
Public Safety, Fire & Police	145,586
Treasurer's/Finance	3,257
Unallocated & Infrastructure	<u>598,755</u>
Total governmental activities depreciation expense	<u>\$ 955,797</u>

CITY OF WOODHAVEN
Notes to the Financial Statements
June 30, 2004
(continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets not being depreciated				
Land	\$ 11,500	\$ -	\$ -	\$ 11,500
Subtotal	11,500	-	-	11,500
Capital assets being depreciated				
Buildings	579,664	-	-	579,664
Furniture & fixtures	309,602	500	-	310,102
Sewer lines	5,312,370	-	-	5,312,370
Sump Pump Coll. Sys	194,220	75,060	-	269,280
Vehicles	2,261,433	53,839	\$ (56,300)	2,258,972
Water mains	4,623,078	-	-	4,623,078
Water meters	571,746	140,586	-	712,332
Machinery & equipment	1,159,041	26,984	-	1,186,025
Site improvements	91,668	-	-	91,668
Subtotal	15,102,822	296,969	(56,300)	15,343,491
Less accumulated depreciaton for:				
Building	(142,523)	(14,170)	-	(156,693)
Furniture & fixtures	(279,101)	(8,574)	-	(287,675)
Sewer lines	(2,252,080)	(135,816)	-	(2,387,896)
Sump Pump Coll. Sys	(34,207)	(8,865)	-	(43,072)
Vehicles	(1,592,064)	(210,179)	53,298	(1,748,945)
Water mains	(1,718,537)	(78,387)	-	(1,796,924)
Water meters	(398,172)	(25,611)	-	(423,783)
Machinery & equipment	(986,142)	(37,384)	-	(1,023,526)
Site improvements	(31,861)	(7,753)	-	(39,614)
Subtotal	(7,434,687)	(526,739)	53,298	(7,908,128)
Net capital assets being depreciated	7,668,135	(229,770)	(3,002)	7,435,363
Capital assets-net of depreciation	\$ 7,679,635	\$ (229,770)	\$ (3,002)	\$ 7,446,863

Depreciation was charged to functions as follows:

Business-type activities:	
Water	\$ 271,127
Motor Pool	254,515
Recreational Vehicle Storage	1,097
Total Business-type activities depreciation expense	<u>\$ 526,739</u>

CITY OF WOODHAVEN
Notes to the Financial Statements
June 30, 2004
(continued)

NOTE 5. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The amount of interfund receivables and payables are as follows:

	<u>General</u>	<u>Major</u>	<u>Employee Retirement</u>	<u>Motor Pool</u>	<u>Total Interfund Payable</u>
General	\$ -	\$ -	\$ 1,020,786	\$ 50,474	\$ 1,071,260
Major Hwy	\$ 2,079	-	-	-	2,079
Local Hwy	20,269	210,000	-	-	230,269
Block Grant	6,279	-	-	-	6,279
Retirees Medical	-	-	54,025	-	54,025
Water & Sewer	-	-	69,121	-	69,121
Motor Pool	-	-	31,184	-	31,184
Interest	24,154	-	-	-	24,154
Tax Receiving	50	-	-	-	50
Payroll	50	-	-	-	50
Total Interfund				-	
Receivable	<u>\$ 52,881</u>	<u>\$ 210,000</u>	<u>\$ 1,175,116</u>	<u>\$ 50,474</u>	<u>\$ 1,488,471</u>

The amount of interfund transfers are as follows:

	Transfers In:			
	<u>Local Highway</u>	<u>Capital Projects</u>	<u>General</u>	<u>Total</u>
Transfers Out:				
Major Highway	\$ 113,329	\$ 17,438	\$ -	\$ 130,767
Local	-	17,438	-	17,438
Capital Projects	-	-	419,482	419,482
	<u>\$ 113,329</u>	<u>\$ 34,876</u>	<u>\$ 419,482</u>	<u>\$ 567,687</u>

CITY OF WOODHAVEN
Notes to the Financial Statements
June 30, 2004
(continued)

Note 6. LONG-TERM DEBT

The following is a summary of long-term obligations of the City for the year ended June 30, 2004:

	<u>Balance</u> <u>7/2/03</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>6/30/04</u>	<u>Due Within</u> <u>One Year</u>
Governmental Activities:					
<u>Bonds Payable</u>					
1991 SRF Bonds	\$ 1,880,625	\$ -	\$ 219,657	\$ 1,660,968	\$ 222,666
1998 Expansion Bonds	1,499,030	-	67,442	1,431,588	70,813
2003 General Bonds	<u>3,000,000</u>	<u>-</u>	<u>50,000</u>	<u>2,950,000</u>	<u>50,000</u>
Total Bonds	6,379,655	-	337,099	6,042,556	343,479
<u>Notes Payable</u>					
Honeywell Note	<u>1,451,521</u>	<u>-</u>	<u>188,041</u>	<u>1,263,480</u>	<u>197,845</u>
Total Notes	1,451,521	-	188,041	1,263,480	197,845
Compensated Absences	<u>530,161</u>	<u>187,651</u>	<u>176,720</u>	<u>541,092</u>	<u>180,364</u>
Total	<u>\$ 8,361,337</u>	<u>\$ 187,651</u>	<u>\$ 701,860</u>	<u>\$ 7,847,128</u>	<u>\$ 721,688</u>
Business-Type Activities:					
Water & Sewer Notes	303,238	-	77,422	225,816	70,971
Motor Pool Notes	84,209	-	47,797	36,712	36,712
Compensated Absences	<u>92,365</u>	<u>6,601</u>	<u>-</u>	<u>48,966</u>	<u>32,988</u>
Total	<u>\$ 479,812</u>	<u>\$ 6,601</u>	<u>\$ 125,219</u>	<u>\$ 311,494</u>	<u>\$ 140,671</u>

General Obligation Bonds. The government issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both general government and proprietary activities. These bonds therefore are reported in the proprietary funds if they are expected to be repaid from proprietary revenues. In addition, general obligation bonds have been issued to refund general obligation bonds.

CITY OF WOODHAVEN
Notes to the Financial Statements
June 30, 2004
(continued)

General obligation bonds are direct obligations and pledge the full faith and credit of the government. These bonds generally are issued as 25-year serial bonds, except for refunding issues, with equal amounts of principal maturing each year. General obligation bonds currently outstanding are as follows:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>	<u>Term</u>
1998 Expansion bonds	2.25%	1,431,588	15 years
1991 SRF bonds	2.00%	1,660,968	25 years
2003 bonds	3.25%	2,950,000	20 years

The annual requirement to service the general obligation bonds including principal and interest are as follows:

<u>Fiscal Year Ending</u>		<u>Principal</u>	<u>Interest</u>	<u>Total</u>
<u>June 30, 2004</u>				
2005	\$	342,555	\$ 189,985	\$ 532,540
2006		348,912	182,314	\$ 531,226
2007		406,463	174,451	\$ 580,914
2008		412,509	164,747	\$ 577,256
2009		443,862	154,552	\$ 598,414
2010-2014		1,607,235	607,869	\$ 2,215,104
2015-2019		1,432,374	378,841	\$ 1,811,215
2020-2022		<u>1,048,646</u>	<u>86,224</u>	<u>\$ 1,134,870</u>
Total	\$	<u>6,042,556</u>	<u>\$ 1,938,983</u>	<u>\$ 7,981,539</u>

Amount due within one year: \$343,479

Compensated absences as of June 30, 2004: \$541,092

Amount due within one year: \$180,364

Bank loan:

The City has a bank loan for the acquisition of fixed assets. The obligations currently outstanding are as follows:

Note, Honeywell Renovations. Due in monthly installments of \$21,376.39 through February 1, 2010, with interest of 4.93%

\$ 1,263,480
\$ 1,263,480

CITY OF WOODHAVEN
Notes to the Financial Statements
June 30, 2004
(continued)

The annual requirements to service the Honeywell Note, including principal and interest are as follows:

Fiscal Year Ending

<u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2005	\$ 197,844	\$ 58,673	\$ 256,517
2006	207,963	48,554	\$ 256,517
2007	218,599	37,918	\$ 256,517
2008	229,712	26,805	\$ 256,517
2009	241,528	14,989	\$ 256,517
2010	<u>167,834</u>	<u>3,173</u>	<u>\$ 171,007</u>
Total	<u>\$ 1,263,480</u>	<u>\$ 190,112</u>	<u>\$ 1,453,592</u>

Amount due within one year: \$197,845

Business-Type Activities:

Water and Sewer

The annual requirements to service the water and sewer note including principal and interest are as follows:

Fiscal Year Ending

<u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2005	\$ 77,422	\$ 7,714	\$ 85,136
2006	77,422	4,679	\$ 82,101
2007	<u>77,423</u>	<u>1,644</u>	<u>\$ 79,067</u>
Total	<u>\$ 232,267</u>	<u>\$ 14,037</u>	<u>\$ 246,304</u>

Internal Service

The annual requirements to service the motor pool notes including principal and interest are as follows:

Fiscal Year Ending

<u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2005	<u>36,702</u>	<u>841</u>	<u>37,543</u>
Total	<u>\$ 36,702</u>	<u>\$ 841</u>	<u>\$ 37,543</u>

CITY OF WOODHAVEN
Notes to the Financial Statements
June 30, 2004
(continued)

NOTE 7. POST-RETIREMENT BENEFITS

Post-retirement benefits, other than pension benefits, are provided to police officers and to five former salaried employees of the City of Woodhaven. These benefits consist of health care benefits and are recognized as an expenditure of the General Fund, Water Fund and Motor Pool Fund when premiums are paid. For fiscal year 2003-2004, these premiums totaled \$361,338. These funds for police officers are accounted for within the Retiree's Benefit Fund.

On October 1, 1990 the newly signed A.F.S.C.M.E. (currently TPOAM) union contract for the city workers other than police, fire, and salaried personnel, required the City of Woodhaven, to establish a separate bank account or investment with a beginning balance of \$15,000 to be utilized to pay medical benefits for retired A.F.S.C.M.E. (currently TPOAM) members.

The city was required to pay the initial \$15,000 and the union would provide additional funding through newly hired workers hired subsequent to July 18, 1990. The new hires would receive only 70% of the established union starting hourly rate for that position. Each year thereafter the new hire would receive an increase of 10% until the 100% is reached. The City will pay this difference in wages paid to new hires as additions to the original established investment. As of June 30, 2004, the balance of this investment account is \$325,102.

NOTE 8. PENSION TRUST FUND

Defined Benefit Plan

A. PLAN DESCRIPTION

The Woodhaven Public Employee Retirement System is a single-employer public employee retirement system (PERS) established May 1, 1971, that administers the City's defined benefit plan for all its full-time municipal employees. As of April 30, 2004, participants in the pension plan consisted of the following:

Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them	52
Current employees: Fully vested	<u>49</u>
TOTAL	<u>101</u>

CITY OF WOODHAVEN
Notes to the Financial Statements
June 30, 2004
(continued)

B. FUNDING POLICY

PERS provides retirement benefits as well as death and disability benefits. All benefits vest after 10 years of credited service. Employees who retire at or after age 55 (50 for police officers in the POAM and lieutenants and 55 for AFSCME employees) with 10 years of credited service are entitled to an annual retirement benefit, payable monthly, in an amount equal to the product of years of credited service, not in excess of 30 years at retirement, and 2% (2.5% for non-command and command officers) of average monthly compensation. This rate increased to 2.25% for AFSCME Employees effective October 1, 1993. Employees with 10 years of credited service may retire at or after age 55 (50 for police officers) and receive a reduced retirement benefit.

Both command and non-command police officers in the bargaining units contribute 5.0% of their regular base pay to the PERS. AFSCME employees contribute 3.5% of regular base pay.

C. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PLAN ASSET MATTERS

Basis of Accounting

The financial statements of the pension plan are prepared using the accrual basis of accounting. Employee and employer contributions are recognized as revenues in the period in which employee services are performed and expenses are recorded when the corresponding liabilities are incurred, regardless of when payment is made.

Method Used to Value Investments

The PERS investments are valued at current market prices.

Categories of Asset Risks

The Pension Trust Fund investments are located at the Depository Trust Corporation in New York, in safe deposit at a local bank, and with a brokerage company.

Act 314, P.A. 1965, as amended by Act 31, P.A. 1980, and Act 55, P.A. 1982 allows pension funds to be invested in a wide variety of instruments including: stocks, bonds, certificates of deposit, real estate, annuity contracts, obligations of a specified nature, and real or personal property. Specific limitations apply to the various investment types. The system's investments are categorized to give an indication of the level of risk assumed by the fund at year end. Category 1 includes investments that are insured or registered or for which the securities are held by the system or its agent in the system's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the broker's or dealer's trust department or agent in the system's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the broker or dealer, or by its trust department or agent but not in the system's name. All investments of PERS are classified in Category 1 which bears the least risk.

CITY OF WOODHAVEN
Notes to the Financial Statements
June 30, 2004
(continued)

The Money Market Fund is a temporary investment fund and represents 10 percent of the net assets available for pension benefits. There are no investments in, loans to, or leases with parties related to the pension plan.

Categories of Asset Risks (Continued)

INVESTMENT	CATEGORY			CARRYING	FAIR
	1	2	3	VALUE AT 4/30/04	VALUE AT 4/30/04
Money Market Fund	\$ 2,389,962	\$ -	\$ -	\$ 2,389,962	\$ 2,389,962
Bonds:					
U.S. Govt and State	2,913,468	-	-	2,970,486	2,913,468
Utilities	160,758	-	-	159,959	160,758
Financial	1,606,464	-	-	1,574,563	1,606,464
Industrial	702,939	-	-	676,491	702,939
Other	587,634	-	-	565,314	587,634
Stocks:					
Mutual Funds	5,654,828	-	-	5,310,190	5,654,828
TOTAL INVESTMENTS	<u>\$ 14,016,053</u>	\$ -	\$ -	<u>\$ 13,646,965</u>	<u>\$ 14,016,053</u>

D. FUNDING STATUS AND PROGRESS

The amount shown as "actuarial liability" is a standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases, estimated to be payable in the future as a result of employee service to date. The measure is called the "actuarial present value of credited projected benefits" and is intended to help users assess PERS funding status on a going concern basis, assess progress made in accumulating sufficient assets to pay benefits when due and make comparisons among other retirement systems.

Because the City of Woodhaven PERS uses the standardized measure only for disclosing purposes, the measurement is independent of the actuarial computation made to determine contributions to the PERS. The actuarial funding method used to determine contributions to the PERS is explained in Part D of this note.

The actuarial liability was determined as part of an actuarial valuation at April 30, 2004. Significant actuarial assumptions used include (a) rate of return on the investment of present and future assets of 7.25 percent per year after investment expenses, (b) projected salary increases of 6 percent per year compounded annually, and (c) mortality based on the 1983 Male Group Annuity Mortality Table for males, and assuming a six year age set back for females.

CITY OF WOODHAVEN
Notes to the Financial Statements
June 30, 2004
(continued)

At April 30, 2004, the unfunded actuarial liability was \$4,684,711 as follows:

Actuarial liability:

Retirees and beneficiaries currently receiving benefits and terminated employees not yet receiving benefits and transferred participants.	\$ 10,968,672
---	---------------

Current Employees:

Active Participants	<u>8,724,802</u>
TOTAL ACTUARIAL LIABILITY	<u>\$ 19,693,474</u>

Net assets available for benefits, at market, excluding voluntary employee contributions

	<u>\$ 14,108,283</u>
UNFUNDED ACTUARIAL LIABILITY	<u>\$ 4,684,711</u>

E. Contributions Required and Contributions Made

Periodic employer contributions to the pension plan are determined on an actuarial basis using the entry age normal cost method. Normal cost is funded on a current basis. The unfunded actuarial accrued liability is funded over a 40 year period from May 1, 1978. Periodic contributions for both normal cost and the amortization of the unfunded actuarial accrued liability are based on the level percentage of payroll method.

Actuarially determined contribution requirements based on an actuarial valuation performed at April 30, 2004 was estimated at \$911,705 (\$790,959 employer and \$120,746 mandatory employee). This contribution requirement consists of \$421,894 normal cost and \$489,811 amortization of the unfunded actuarial accrued liability.

It is the City's practice to make contributions throughout the year based on estimates of the total contribution requirement. Once the actuarial report is issued, usually 6 months after the plan's year-end, the City contributes any additional monies necessary to comply with the actuary's recommendation.

The significant actuarial assumptions used to compute pension contribution requirements are the same as those used to determine the standardized measure of the pension obligation. There were no material changes in the current year in the actuarial assumptions, actuarial funding method, or benefit provisions.

CITY OF WOODHAVEN
RETIREMENT PLAN FOR EMPLOYEES AND POLICEMEN
SCHEDULE OF EMPLOYER CONTRIBUTIONS AS OF MAY 1, 2004

<u>Plan Year</u>	<u>Annual Required Contribution</u>	<u>Percentage Contribution</u>
1990	\$ 296,602	64%
1991	394,209	107%
1992	428,426	77%
1993	457,498	100%
1994	329,370	100%
1995	398,862	100%
1996	582,672	100%
1997	635,736	100%
1998	624,977	107%
1999	611,631	122%
2000	642,843	100%
2001	680,784	100%
2002	778,321	100%
2003	790,959	100%

CITY OF WOODHAVEN
RETIREMENT PLAN FOR EMPLOYEES AND POLICEMEN
CALCULATION OF NET PENSION OBLIGATION AT
TRANSITION FOR THE PENSION PLAN

Applicable Actuarial Valuation									
As-of Date	Investment Assumption	Amort. Years	Recommended Contribution	Mos. in Fiscal Year	Actual Contribution	Beginning of Year NPO	Annual Pension Cost (APC)	Increase in NPO (9-7)	End of Year NPO (8+10)
(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
5/1/87	7.00%	40	282,745	12	195,083	-	282,745	87,662	87,662
5/1/88	7.00%	40	292,869	12	271,591	87,662	292,403	20,812	108,474
5/1/89	7.00%	40	309,665	12	384,541	108,474	309,001	(75,540)	32,934
5/1/90	7.00%	40	296,602	12	190,458	32,934	296,371	105,913	138,847
5/1/91	7.00%	40	394,209	12	422,291	138,847	393,102	(29,189)	109,658
5/1/92	7.00%	40	428,426	12	330,749	109,658	427,436	96,687	206,345
5/1/93	7.25%	40	457,498	12	457,498	206,345	455,575	(1,923)	204,422
5/1/94	7.25%	40	506,261	12	506,261	204,422	504,097	(2,164)	202,258
5/1/95	7.25%	40	592,270	12	592,270	202,258	589,845	(2,425)	199,833
5/1/96	7.25%	40	582,672	12	582,672	199,833	579,964	(2,708)	197,125
5/1/97	7.25%	40	635,736	12	635,736	197,125	632,723	(3,013)	194,112
5/1/98	7.25%	40	624,977	12	666,471	194,112	621,632	(44,839)	149,273
5/1/99	7.25%	40	611,631	12	746,886	149,273	608,733	(138,153)	11,120
5/1/00	7.25%	40	642,483	12	642,843	11,120	642,240	(603)	10,517
5/1/01	7.25%	40	680,784	12	680,784	10,517	680,524	(260)	10,257
5/1/02	7.25%	40	778,321	12	778,321	10,257	778,036	(285)	9,772
5/1/03	7.25%	40	790,959	12	790,959	9,972	790,645	(314)	9,658
5/1/04	7.25%	40	815,515	12	-	9,658	-	-	-

CITY OF WOODHAVEN
RETIREMENT PLAN FOR EMPLOYEES AND POLICEMEN
SCHEDULE OF FUNDING PROGRESS AS OF MAY 1, 2004

Actuarial Valuation Date	Actuarial Value of Assets (AVA)	Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAL as a Percentage of Covered Payroll ((a-b)/c)
	(a)	(b)	(a-b)			
5/1/90	3,156,546	5,368,788	2,212,242	58.79%	1,896,336	116.66%
5/1/91	3,795,647	6,882,091	3,086,444	55.15%	2,079,021	148.46%
5/1/92	4,509,897	7,790,752	3,280,855	57.89%	2,207,687	148.61%
5/1/93	5,317,830	8,850,194	3,532,364	60.09%	2,388,821	147.87%
5/1/94	6,108,086	10,072,234	3,964,148	60.64%	2,476,164	160.09%
5/1/95	6,984,521	11,705,299	4,720,778	59.67%	2,331,645	202.47%
5/1/96	7,958,357	12,463,821	4,505,464	63.85%	2,371,255	190.00%
5/1/97	8,917,684	13,228,186	4,310,502	67.41%	2,607,115	165.34%
5/1/98	10,020,281	14,059,100	4,038,819	71.27%	2,661,926	151.73%
5/1/99	11,178,450	14,984,162	3,805,712	74.60%	2,777,144	137.04%
5/1/00	12,383,239	16,158,182	3,774,943	76.64%	2,968,880	127.15%
5/1/01	13,297,467	17,609,847	4,312,380	75.51%	2,746,305	157.02%
5/1/02	13,901,961	18,418,024	4,516,060	76.00%	2,908,587	155.30%
5/1/03	14,413,268	19,053,138	4,640,170	76.00%	2,723,124	170.40%
5/1/04	15,008,763	19,693,474	4,684,711	76.00%	2,735,525	171.30%

CITY OF WOODHAVEN
Notes to the Financial Statements
June 30, 2004
(continued)

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows:

Valuation Date	April 30, 2004
Actuarial Cost Method	Individual Entry Age
Amortization Method	40-year level dollar
Remaining Amortization Period	14 years
Asset Valuation Method	Assets are adjusted to recognize 25% of the balance of annual changes in realized and unrealized gains and losses. Adjusted assets are projected by estimated contributions, dividend and interest income, benefit payments and expenses.

Actuarial Assumptions:

Investment rate of return	7.25%
Projected salary increases	6.00%
Cost-of-living adjustments	4.00%

Defined Contribution Plan

A. Plan Description

The City of Woodhaven Defined Contribution Pension Plan was established by the City of Woodhaven to provide benefits at retirement to all general employees and full-time firefighters of the City. At June 30, 2004 there were 44 plan members. Plan members are required to contribute a minimum of 5% of their base pay. The City is required to contribute a minimum of 10% of base pay. Plan provisions and contribution requirements are established and may be amended by the Woodhaven City Council.

B. Significant Accounting Policies

Basis of Accounting. The City of Woodhaven Defined Contribution Retirement Plan financial statements are prepared using the accrual basis of accounting. Employer and plan member contributions are recognized in the period that the contributions are due.

Method Used to Value Investments. Plan investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on national exchanges are valued at the last reported sales price. Investments that do not have an established market are reported at estimated fair values.

CITY OF WOODHAVEN
Notes to the Financial Statements
June 30, 2004
(continued)

NOTE 9. JOINTLY GOVERNED ORGANIZATION

The City of Woodhaven, in conjunction with six other communities, created the 33rd District Court. The Court entertains cases of the seven community areas. The seven communities are represented in the Management Council who has the responsibility of reviewing all financial matters of the Court. The Management Council is made up of one member from each participant community. The member communities have an entitlement and residual interest in the Court net assets. This entitlement and residual interest is determined by the annual caseload of the respective community. The annual contribution by each community to the Court's budget is also determined in the same manner. Therefore, the investment of the City of Woodhaven is reported as, "Investment in Joint Venture" on the statement of net assets of the government-wide statements at 17.22% of the court net assets.

NOTE 10 – CONSTRUCTION CODE FEES

The City oversees building construction, in accordance with the state's construction code act, including inspections of building construction and renovation to ensure compliance with the building codes. The City charges fees for these services. Beginning January 1, 2000, the law requires that collection of these fees be used only for construction code costs, including an allocation of estimated overhead costs. A summary of activity for the year ended June 30, 2004:

Building permit revenue	\$	461,945
Related expenses:		
Direct costs	321,793	
Estimated indirect costs	<u>39,896</u>	
Total construction code expenses		<u>361,689</u>
Current Change - Fund Balance		100,256
Fund Balance Beginning		<u>(141,335)</u>
Fund Balance Ending	\$	<u>(41,079)</u>

CITY OF WOODHAVEN
Notes to the Financial Statements
June 30, 2004
(continued)

NOTE 11 – RISK MANAGEMENT

Risk Management – The City is exposed to various risks of loss related to property loss, torts, errors and omissions, employee injuries (workers' compensation), as well as medical benefits provided to employees. The City has purchased commercial insurance for medical benefits claims, and participates in the Michigan Municipal Liability and Property Pool (risk pool) for claims relating to property loss, torts, and errors and omissions; and participates in the Michigan Municipal Workers' Compensation Fund (risk pool) for claims relating to employee injuries (workers' compensation). Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

The risk pool programs operate as a common risk-sharing management program for local units of government in Michigan; member premiums are used to purchase commercial excess insurance coverage and to pay member claims in excess of deductible amounts. Both pool programs will be self-sustaining through member premiums.

REQUIRED SUPPLEMENTAL INFORMATION

City of Woodhaven
Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual (Budgetary Basis)
General Fund
June 30, 2004

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	FAVORABLE (UNFAVORABLE) VARIANCE
REVENUES FROM TAXES:				
Current tax levy	\$ 7,830,809	\$ 7,830,809	\$ 6,206,409	(\$ 1,624,400)
Current tax levy, SHVUA	358,613	358,613	393,653	35,040
Administrative fee	177,028	177,028	183,093	6,065
Mobile home fees	1,296	1,296	1,198	(98)
Interest and penalties/delinquent	12,000	12,000	36,244	24,244
Infrastructures	-	-	636,661	636,661
Capital improvement	68,421	68,421	1,059,495	991,074
Tax collections - Miscellaneous	1,000	1,000	53	(947)
TOTAL	8,449,167	8,449,167	8,516,806	67,639
REVENUES FROM LICENSES:				
Building permits	184,835	184,835	302,216	117,381
Electrical permits	35,350	35,350	39,316	3,966
Mechanical permits	49,110	49,110	54,960	5,850
Plumbing permits	31,431	31,431	39,787	8,356
Site-plan review fees	5,211	5,211	18,645	13,434
Property split fees	690	690	375	(315)
Fire inspection fees	-	-	3,023	3,023
Animal licenses	4,500	4,500	4,067	(433)
Building and engineering review fee	23,339	23,339	7,021	(16,318)
Miscellaneous permits	2,772	2,772	7,209	4,437
Zoning Board of Appeals	750	750	2,875	2,125
TOTAL	337,988	337,988	479,494	141,506
REVENUES FROM STATE:				
Telecom authority	-	-	26,936	26,936
Sales tax	1,347,727	1,347,727	1,256,300	(91,427)
Liquor license	5,341	5,341	6,648	1,307
TOTAL	1,353,068	1,353,068	1,289,884	(63,184)

City of Woodhaven
Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual (Budgetary Basis)
General Fund
June 30, 2004

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	FAVORABLE (UNFAVORABLE) VARIANCE
OUTSIDE REVENUE:				
Telecommunications fees	\$ 7,200	\$ 7,200	\$ 7,800	\$ 600
Cable TV - franchise fees	98,000	98,000	129,447	31,447
Cable TV - advisory board	9,000	9,000	4,700	(4,300)
Cable TV - interest	7,591	7,591	352	(7,239)
TOTAL	121,791	121,791	142,299	20,508
OTHER REVENUES:				
Fines and forfeitures	319,498	319,498	547,410	227,912
Miscellaneous revenue	58,000	58,000	123,183	65,183
Interest on investments	60,274	60,274	90,365	30,091
Police grant	13,500	13,500		(13,500)
Retiree medical insurance reimbursement	12,800	12,800	84,930	72,130
Rescue - Fire Dept.	207,200	207,200	281,243	74,043
Use and admission fees - recreation	115,000	115,000	184,919	69,919
Festival revenue	15,000	15,000	12,518	(2,482)
Interest on Rescue Fund	7,800	7,800	6,230	(1,570)
Interest on Sick Fund	5,214	5,214	3,795	(1,419)
4th of July	2,300	2,300	4,203	1,903
DARE Program	1,500	1,500	4,877	3,377
Interest on Salaried Emp Benefits	1,620	1,620	1,179	(441)
Park Pavillion	400	400	400	-
Misc Revenue - Police	4,500	4,500	45,032	40,532
TOTAL	824,606	824,606	1,390,284	565,678
TOTAL REVENUES	\$ 11,086,620	\$ 11,086,620	\$ 11,818,767	\$ 732,147

City of Woodhaven
Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual (Budgetary Basis)
General Fund
June 30, 2004

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	FAVORABLE (UNFAVORABLE) VARIANCE
Building/Assessor's Department	\$ 335,156	\$ 316,564	\$ 304,285	\$ 12,279
City Attorney	102,000	102,253	110,569	(8,316)
City Engineer	104,950	20,450	17,508	2,942
Justice	352,157	340,090	340,091	(1)
Library Commission	100,000	65,895	56,245	9,650
Clerk's Office	197,477	206,964	199,178	7,786
Community Activities Building	171,930	153,431	128,063	25,368
Board of Elections	22,810	16,169	8,203	7,966
Public Safety/Fire	1,297,517	1,334,071	1,293,838	40,233
General Government	1,075,295	1,022,895	892,386	130,509
Planning Commission	38,918	35,018	26,180	8,838
Public Safety/Police	4,869,838	4,849,838	4,614,008	235,830
Department of Public Services	2,123,473	2,100,473	1,924,598	175,875
Recreation Commission	101,568	71,318	57,130	14,188
Recreation Department	409,797	440,972	427,937	13,035
Park Maintenance			277	(277)
Treasurer's/Finance Department	423,336	403,636	372,444	31,192
Cable TV Commission	20,060	18,540	18,503	37
Huron Valley Waste Control System	358,590	358,590	357,254	1,336
Honeywell Debt	256,512	256,512	256,517	(5)
TOTAL EXPENDITURES	\$ 12,361,384	\$ 12,113,679	\$ 11,405,214	\$ 708,465

City of Woodhaven
Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual (Budgetary Basis)
General Fund
June 30, 2004

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	FAVORABLE (UNFAVORABLE) VARIANCE
REVENUES	\$ 11,086,620	\$ 11,086,620	\$ 11,818,767	\$ 732,147
EXPENDITURES	12,361,384	12,113,679	11,405,214	708,465
EXCESS REVENUES OVER (UNDER) EXPENDITURES	(1,274,764)	(1,027,059)	413,553	1,440,612
OTHER FINANCING SOURCES (USES):				
Transfer from other funds			419,482	419,482
TOTAL OTHER FINANCING SOURCES (USES)	-	-	419,482	419,482
EXCESS OF REVENUES AND OTHER SOURCES OVER (EXPENDITURES AND OTHER USES)	(1,274,764)	(1,027,059)	833,035	1,860,094
FUND BALANCE, beginning	1,786,841	4,630,644	4,630,644	-
FUND BALANCE, ending	\$ 512,077	\$ 3,603,585	\$ 5,463,679	\$ 1,860,094

City of Woodhaven
Statement of Revenues, Expenditures
and Changes in Fund Balance-
Budget and Actual
For the Fiscal Year Ended June 30, 2004

MOTOR VEHICLE HIGHWAY MAJOR STREET FUND			
	ORIGINAL & FINAL BUDGET	ACTUAL	FAVORABLE (UNFAVORABLE) VARIANCE
REVENUES:			
Interest on savings and investments	\$ 16,437	\$ 12,885	\$ (3,552)
State sources	411,439	453,317	41,878
TOTAL REVENUES	427,876	466,202	38,326
EXPENDITURES:			
Street maintenance	294,882	17,235	277,647
Snow removal	4,750	3,565	1,185
Other expenditures	128,244	12,115	116,129
TOTAL EXPENDITURES	427,876	32,915	394,961
Excess of Revenues (Under) Expenditures	-	433,287	433,287
OTHER FINANCING SOURCES (USES):			
Transfers to other funds	-	(130,767)	(130,767)
TOTAL OTHER FINANCING SOURCES (USES)	-	(130,767)	(130,767)
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (EXPENDITURES AND OTHER USES)	-	302,520	302,520
FUND BALANCE, beginning	1,122,678	1,122,678	-
FUND BALANCE, ending	\$ 1,122,678	\$ 1,425,198	\$ 302,520

City of Woodhaven
Statement of Revenues, Expenditures
and Changes in Fund Balance -
Budget and Actual
For the Fiscal Year Ended June 30, 2004

**MOTOR VEHICLE HIGHWAY
LOCAL STREET FUND**

	ORIGINAL & FINAL BUDGET	ACTUAL	FAVORABLE (UNFAVORABLE) VARIANCE
REVENUES:			
Interest on savings and investments	\$ 19,703	\$ 7,867	\$ (11,836)
State sources	317,409	224,319	(93,090)
Other revenue			-
TOTAL REVENUES	337,112	232,186	(104,926)
EXPENDITURES:			
Street maintenance	89,165	28,280	60,885
Snow removal	45,000	37,888	7,112
Other expenditures	202,947	192,848	10,099
TOTAL EXPENDITURES	337,112	259,016	78,096
Excess of Revenues (Under) Expenditures	-	(26,830)	(26,830)
OTHER FINANCING SOURCES (USES):			
Transfers to other funds	-	(17,438)	(17,438)
Transfers from other funds	-	113,329	113,329
TOTAL OTHER FINANCING SOURCES (USES)	-	95,891	113,329
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (EXPENDITURES AND OTHER USES)	-	69,061	69,061
FUND BALANCE, beginning	689,385	689,385	-
FUND BALANCE, ending	\$ 689,385	\$ 758,446	\$ 69,061

City of Woodhaven
Statement of Revenues, Expenditures and
Changes in Fund Balance-Budget and Actual (Budgetary Basis)
June 30, 2004

CAPITAL IMPROVEMENT FUND		
ORIGINAL & FINAL BUDGET	2004 ACTUAL	FAVORABLE (UNFAVORABLE) VARIANCE
REVENUE:		
Interest	- \$ 5,765	\$ 5,765
TOTAL REVENUE	- 5,765	5,765
EXPENDITURES:		
Operating expenses	- 42,753	(42,753)
Capital outlay	- 405,946	(405,946)
TOTAL EXPENDITURES	- 448,699	(405,946)
REVENUE OVER (UNDER) EXPENDITURES	- (442,934)	(442,934)
Other financing sources (uses):		
Transfer from Major Highway	17,438	17,438
Transfer from Local Highway	17,438	
Transfer to General Fund	- (419,482)	(419,482)
TOTAL OTHER FINANCING SOURCES (USES)	- (384,606)	(402,044)
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES AND OTHER FINANCING SOURCES (USES)	- (827,540)	(827,540)
FUND BALANCE, beginning	- 931,359	931,359
FUND BALANCE, ending	- \$ 103,819	\$ 103,819

SUPPLEMENTAL INFORMATION

City of Woodhaven
Statement of Revenues, Expenses, and Changes
In Net Assets - Budget and Actual
For the year Ended June 30, 2004

WATER DEPARTMENT FUND				
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	FAVORABLE (UNFAVORABLE) VARIANCE
OPERATING REVENUES:				
Water and sewer billings	\$ 2,205,957	\$ 2,205,957	\$ 1,811,508	(\$ 394,449)
Arrears and penalties, water billings	22,721	22,721	28,392	5,671
Tap-in fees, permits, and benefits:				
Water	38,125	38,125	213,845	175,720
Sewer	38,125	38,125	189,510	151,385
Sale of water fittings, meters, and miscellaneous	2,000	2,000	23,122	21,122
Fire hydrant rental	29,500	29,500	29,800	300
TOTAL OPERATING REVENUES	2,336,428	2,336,428	2,296,177	(40,251)
OPERATING EXPENSES:				
Salaries and wages	429,113	439,065	417,981	21,084
Social Security and retirement	86,600	86,600	90,503	(3,903)
Insurance	156,921	163,150	149,226	13,924
Meal allowance, uniforms, and car allowance	5,630	5,630	4,727	903
Office supplies	4,750	4,750	2,400	2,350
Departmental supplies	7,250	7,250	5,249	2,001
Maintenance	96,500	96,500	48,392	48,108
Equipment / computer rentals	5,000	5,000		5,000
Sewage disposal	552,067	552,067	560,113	(8,046)
Water purchases	861,746	861,746	720,020	141,726
Utilities and telephone	10,042	4,273	11,585	(7,312)
Postage	6,000	6,000	4,802	1,198
Printing and publications	5,000	5,000	3,995	1,005
Memberships and subscriptions	1,025	1,361	1,361	0
Depreciation	268,151	268,151	271,127	(2,976)
Motor Pool equipment rent	106,650	106,650	106,650	-
Professional / audit fees	6,500	6,500	929	5,571
Engineering and contractual services	36,260	36,260	23,775	12,485
Training program	3,500	3,500	888	2,612
Compensated absences	9,374	9,374		9,374
Miscellaneous expense	1,000	1,000		1,000
Interest	10,748	10,748	10,496	252
TOTAL OPERATING EXPENSES	2,669,827	2,680,575	2,434,219	246,356
NET OPERATING INCOME (LOSS)	(333,399)	(344,147)	(138,042)	206,105
NONOPERATING REVENUE,				
Interest Income	\$ 73,486	\$ 73,486	\$ 49,420	(\$ 24,066)
TOTAL NONOPERATING REVENUE	73,486	73,486	49,420	(24,066)
NONOPERATING EXPENSES:				
Payment on Downriver Sewage System	10,748	-		-
TOTAL NONOPERATING EXPENSES	10,748	-	-	-
NET NONOPERATING INCOME	62,738	73,486	49,420	(24,066)
CHANGE IN NET ASSETS	(270,661)	(270,661)	(88,622)	182,039
NET ASSETS, beginning of year	-	11,511,705	11,511,705	-
NET ASSETS, end of year	(\$ 270,661)	\$ 11,241,044	\$ 11,423,083	\$ 182,039

City of Woodhaven
Special Revenue Funds
Combining Balance Sheets
Nonmajor Governmental Funds
June 30, 2004

	COMMUNITY ACTIVITIES CENTER	COMMUNITY DEVELOPMENT BLOCK GRANT	POLICE FORFEITURES	TOTAL NONMAJOR GOVERNMENTAL FUNDS
Cash	\$ 11,924	\$ -	\$ 104,488	\$ 116,412
Cash equivalents	160,372	-	220,433	380,805
Due from other governments		6,279		6,279
TOTAL ASSETS	\$ 172,296	\$ 6,279	\$ 324,921	\$ 503,496

LIABILITIES AND FUND BALANCE

Accounts payable	\$ 100	\$ -	\$ 95	\$ 195
Due to General Fund		6,279		6,279
TOTAL LIABILITIES	100	6,279	95	6,474
Fund Balance	172,196	-	324,826	497,022
TOTAL LIABILITIES AND FUND BALANCE	\$ 172,296	\$ 6,279	\$ 324,921	\$ 503,496

City of Woodhaven
Special Revenue Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Nonmajor Governmental Funds
June 30, 2004

	COMMUNITY ACTIVITIES CENTER	COMMUNITY DEVELOPMENT BLOCK GRANT	POLICE FORFEITURES	TOTAL NONMAJOR GOVERNMENTAL FUNDS
REVENUES:				
Federal grants	-	\$ 131,888	-	\$ 131,888
Interest on investments	\$ 1,594	-	\$ 1,461	3,055
Rental	13,540	-	-	13,540
Forfeitures	-	-	199,564	199,564
TOTAL REVENUES	15,134	131,888	201,025	348,047
EXPENDITURES:				
Maintenance of Equipment/Facilities	1,140	-	-	1,140
Miscellaneous	-	131,888	40,670	172,558
Capital outlay	-	-	28,471	28,471
TOTAL EXPENDITURES	1,140	131,888	69,141	202,169
EXCESS OF REVENUES OVER EXPENDITURES	13,994	-	131,884	145,878
FUND BALANCE, beginning	158,202	-	192,942	351,144
FUND BALANCE, ending	\$ 172,196	-	\$ 324,826	\$ 497,022

City of Woodhaven
Statement of Revenues, Expenditures and Changes
In Fund Balances - Budget and Actual (Budgetary Basis)
Nonmajor Special Revenue Funds
June 30, 2004

COMMUNITY DEVELOPMENT BLOCK GRANT			
	ORIGINAL AND FINAL BUDGET	ACTUAL	FAVORABLE (UNFAVORABLE) VARIANCE
REVENUES:			
Other revenue	\$ 92,000	\$ 131,888	\$ 39,888
TOTAL REVENUES	92,000	\$ 131,888	\$ 39,888
EXPENDITURES:			
Other expenditures	92,000	131,888	(39,888)
Capital outlay	-	-	-
TOTAL EXPENDITURES	92,000	131,888	(39,888)
EXCESS OF REVENUES OVER EXPENDITURES	-	-	-
FUND BALANCE, beginning	-	-	-
FUND BALANCE, ending	-	-	-

City of Woodhaven
Statement of Revenues, Expenditures and Changes
In Fund Balances - Budget and Actual (Budgetary Basis)
Nonmajor Special Revenue Funds
June 30, 2004

POLICE FORFEITURES			
	ORIGINAL AND FINAL BUDGET	ACTUAL	FAVORABLE (UNFAVORABLE) VARIANCE
REVENUES:			
Interest on savings and investments	\$ 1,200	\$ 1,461	\$ 261
Other revenue	120,500	199,564	79,064
TOTAL REVENUES	121,700	201,025	79,325
EXPENDITURES:			
Other expenditures	121,700	40,670	81,030
Capital outlay	-	28,471	(28,471)
TOTAL EXPENDITURES	121,700	69,141	52,559
EXCESS OF REVENUES OVER EXPENDITURES	-	131,884	131,884
FUND BALANCE, beginning	192,942	192,942	-
FUND BALANCE, ending	\$ 192,942	\$ 324,826	\$ 131,884

City of Woodhaven
Internal Service Fund
Statement of Revenues, Expenditures and
Changes in Net Assets - Budget and Actual (Budgetary Basis)
June 30, 2004

MOTOR POOL FUND			
	ORIGINAL AND FINAL BUDGET	ACTUAL	FAVORABLE (UNFAVORABLE) VARIANCE
OPERATING REVENUES:			
User charges	\$ 497,330	\$ 497,330	\$ 0
Miscellaneous		7,246	\$ 7,246
TOTAL OPERATING REVENUES	497,330	504,576	7,246
OPERATING EXPENDITURES:			
Salaries and wages	163,736	150,459	13,277
Employee benefits	105,735	95,466	10,269
Compensated absences		7,660 (7,660)
Supplies	6,620	2,843	3,777
Contracted services	2,150		2,150
Maintenance	91,300	67,070	24,230
Insurance	130,000	179,626 (49,626)
Motor fuel lubricants	62,000	63,421 (1,421)
Depreciation expense	305,168	254,515	50,653
Uniforms	2,000	1,087	913
Memberships and training	3,500	1,683	1,817
Interest	13,104	3,017	10,087
Computer rental	1,000		1,000
Contingency	7,547		7,547
Professional fees	3,350	316	3,034
TOTAL OPERATING EXPENDITURE	897,210	827,163	70,047
NET OPERATING INCOME (LOSS)	(399,880)	(322,587)	77,293
NONOPERATING REVENUE			
Interest on investments	9,200	6,350 (2,850)
Gain on disposal of equipment		8,204	8,204
NET NON-OPERATING INCOME (LOSS)	9,200	14,554	5,354
NET INCOME	(390,680)	(308,033)	82,647
NET ASSETS, beginning	1,582,033	1,582,033 (0)
NET ASSETS, ending	\$ 1,191,353	\$ 1,274,000	\$ 82,647

City of Woodhaven
Component Unit
Statement of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
July 1, 2003 to June 30, 2004

DOWNTOWN DEVELOPMENT
AUTHORITY FUND

	ORIGINAL & FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES:			
Current Taxes	\$ 616,736	\$ 551,267	\$ (65,469)
Investment Interest	11,100	9,188	(1,912)
Miscellaneous Revenue	-	4,798	4,798
TOTAL REVENUES	\$ 627,836	\$ 565,253	(\$ 62,583)
EXPENDITURES:			
Project Costs	627,836	31,269	596,567
TOTAL EXPENDITURES	627,836	31,269	596,567
Total Revenue Over (Under)			
Expenditures	-	533,984	533,984
Fund Balance, beginning	854,777	854,777	-
Fund Balance, ending	\$ 854,777	\$ 1,388,761	\$ 533,984

City of Woodhaven
Combining Statement of Net Assets
Pension Trust
June 30, 2004

	PENSION TRUST		
	DEFINED BENEFIT	DEFINED CONTRIBUTION	TOTAL PENSION TRUST FUNDS
ASSETS:			
Investments	\$ 14,016,053	\$ 1,047,238	\$ 15,063,291
Accrued interest and dividends	92,229	-	92,229
Due from other funds	1,175,116	-	1,175,116
TOTAL ASSETS	15,283,398	1,047,238	16,330,636
NET ASSETS			
NET ASSETS:			
Net assets held in trust	15,283,398	1,047,238	16,330,636
TOTAL NET ASSETS	\$ 15,283,398	\$ 1,047,238	\$ 16,330,636

City of Woodhaven
Combining Statement of Changes in Net Assets
Fiduciary Funds
Year Ended June 30, 2004

	Defined Benefit	Defined Contribution	Total Pension Trust Funds
ADDITIONS:			
Contributions			
Employer	\$ 791,180	\$ 192,459	\$ 983,639
Plan member	149,809	96,890	246,699
Total contributions	<u>940,989</u>	<u>289,349</u>	<u>1,230,338</u>
Investment Income			
Net appreciation (depreciation) in fair value of investments	(116,116)	133,455	17,339
Interest and dividends	450,925	9,538	460,463
Gain (loss) on sale of investments	737,969	117,296	855,265
Total investment income	<u>1,072,778</u>	<u>260,289</u>	<u>1,333,067</u>
Accrued contributions	77,236	-	77,236
Less investment expense	<u>47,494</u>	<u>-</u>	<u>47,494</u>
TOTAL ADDITIONS	<u>2,043,509</u>	<u>549,638</u>	<u>2,593,147</u>
Deductions:			
Benefits	<u>1,006,789</u>		<u>1,006,789</u>
TOTAL DEDUCTIONS	<u>1,006,789</u>	<u>-</u>	<u>1,006,789</u>
CHANGE IN NET ASSETS	1,036,720	549,638	1,586,358
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS			
Beginning of Year	14,246,678	497,600	14,744,278
End of Year	<u>\$ 15,283,398</u>	<u>\$ 1,047,238</u>	<u>\$ 16,330,636</u>

City of Woodhaven
Combining Statement of Assets and Liabilities
Agency Funds
June 30, 2004

ASSETS:

CURRENT ASSETS:

Cash and cash equivalents	\$	50	\$	110	\$	51	\$	604,573	\$	685,104	\$	41,909	\$	190,408	\$	24,154	\$	1,546,359
Accrued interest receivable								1,250										1,250
TOTAL CURRENT ASSETS		50		110		51		605,823		685,104		41,909		190,408		24,154		1,547,609

LIABILITIES:

CURRENT LIABILITIES:

Due to General Fund		50		-		50		-		-		-		-		24,154		24,254
Due to Retirement Fund		-		-		-		54,025		-		-		-		-		54,025
Deferred revenue		-		110		-		-		-		41,909		-		-		42,019
Taxes payable		-		-		1		-		-		-		-		-		1
Bond compliance deposits		-		-		-		-		685,104		-		190,408		-		875,512
Obligations to employees - Retirees Benefits		-		-		-		551,798		-		-		-		-		551,798
TOTAL CURRENT LIABILITIES	\$	50	\$	110	\$	51	\$	605,823	\$	685,104	\$	41,909	\$	190,408	\$	24,154	\$	1,547,609

City of Woodhaven
Water Department Fund
Schedule of Cash Receipts and Disbursements - Restricted Accounts
For the year Ended June 30, 2004

	ACCOUNTS			
	DEBT RETIRE.	DEPRE- CIATION	SUPER SEWER	TOTAL
Cash and investments at beginning of year	\$ 123,543	\$ 613,445	\$ 229,784	\$ 966,772
Cash Receipts				
Interest earnings	1,249	4,501	1,686	7,436
TOTAL CASH AND INVESTMENTS AVAILABLE	124,792	617,946	231,470	974,208
Cash and investments at year end	\$ 124,792	\$ 617,946	\$ 231,470	\$ 974,208

CITY OF WOODHAVEN
WAYNE COUNTY, MICHIGAN
COMMENTS AND RECOMMENDATIONS
JUNE 30, 2004

DARNELL & MEYERING, P.C.

Certified Public Accountants

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MEMBERS
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS
MICHIGAN ASSOCIATION OF
CERTIFIED PUBLIC ACCOUNTANTS

October 30, 2004

The Honorable Mayor and
Members of the Council
City of Woodhaven
Woodhaven, MI 48183

We have audited the financial statements of the City of Woodhaven for the year ended June 30, 2004 and have issued our report dated October 30, 2004. As part of our audit, we reviewed the City's accounting procedures and system of internal controls to determine the nature, timing, and extent of the auditing procedures necessary to express an opinion on the annual financial statements.

The objective of internal control is to provide reasonable, but not absolute assurance as to: 1) the safeguarding of assets against loss from unauthorized use or disposition, 2) proper division of duties between various employees to provide a reasonable check upon transactions and, 3) the reliability of financial records for preparing financial statements and maintaining accountability for assets.

We would like to note, based on the prior year's comments and recommendations, that the following changes have been made:

1. Expense activities in the General Fund were not materially in excess of budget.
2. The City consulted with an actuary regarding the unfounded liability of the A.F.S.C.M.E. (TPOAM) investment account established for post retirement health benefits for city workers. Based on GASB 45, the City will comply with the actuarial requirements for year beginning July 1, 2008, which would be its phase in period.

The following are comments and recommendations that we have at this time:

1. Comment:

Again, there was no budget prepared for the Capital Improvement Fund.

Recommendation:

Prepare a budget for the Capital Improvement Fund and obtain approval from the City Council.

2. Comment:

During our testing, we noted that an invoice was received for a purchase prior to the preparation of a purchase order. In addition the required City Council approval was not given prior to the purchase. (This purchase took place prior to the Charter Amendment).

Recommendation:

We recommend that purchase orders be prepared prior to purchase along with approval by City Council, if required. All purchase orders should be made in accordance with Section 14.1 of the City Charter, as amended, which is specified in Article II, sections 1-15 thru 1-17 of the Code of Ordinances.

3. Comments:

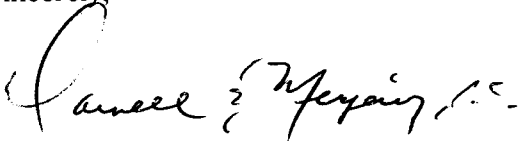
The community activities center is not identifying sources of revenue, admissions or concessions, when submitting funds for deposit.

Recommendations:

We recommend the treasurer discuss with the recreation director the proper method of identifying different project revenues and a related account number.

The above comments and recommendations are presented for your consideration. If there are any questions regarding these matters of internal control we would be glad to discuss them with you at your convenience.

Sincerely,

A handwritten signature in cursive script, appearing to read "Darnell & Meyering, P.C.", written in dark ink.

DARNELL & MEYERING, P.C.